

Coastwise Coalition

October 4, 2011

The Honorable David Camp, Chairman
Committee on Ways and Means
1102 Longworth House Office Building
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin, Ranking Member
Committee on Ways and Means
1139E Longworth House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin:

We write to ask that you to take up legislation to exempt certain non-bulk cargo from the Harbor Maintenance Tax in order to advance the development of the American Marine Highway.

The Coastwise Coalition is a diverse group of public and private sector organizations and individuals that include ports, maritime labor unions, shipyards, transportation professionals, vessel operators and others in the maritime industry and workforce. The Coalition's purpose is to promote the use of the marine highway as a safe, economical, energy efficient and environmentally supportable means to meet a growing need for reliable surface transportation options and capacity.

So much is being said about the need to boost the American economy through investing in infrastructure and our transportation system. Part of that system is the U.S. maritime sector, where more investment and attention to the development of the American Marine Highway can result in the creation of good paying port, shipyard and shipboard jobs.

Congress should encourage the use of U.S. flag shipping and the Marine Highway on our inland and coastal waters. It is the most efficient mode of transportation in the U.S., even more than freight rail, on a ton/mile basis. As supporters of the maritime sector you know this. So does Chairman Patrick Tiberi who introduced H.R. 1533, the Short Sea Shipping Act of 2011, along with Rep. Brian Higgins, the bill's chief sponsor in the 111th Congress. The bipartisan bill has 27 co-sponsors as of this writing including members of the Ways and Means Committee.

In 2007 Congress enacted a Short Sea Transportation program to encourage marine highway development as an "extension of the surface transportation system." The program is still in the early stages. It is important to build on it by providing incentives for marine highway users with the objective of encouraging more energy efficient and environmentally net-beneficial transportation alternatives.

The planning of new marine highway services is being undertaken by existing and new vessel operators as private sector initiatives. The challenge is that in the absence of some incentives much of that potential—new capacity for the national transportation system—may not be realized until our surface

transportation system reaches crisis point due to gridlock on our roads. It also comes at a time when government is facing unprecedented difficulty in finding sufficient public dollars to put into our key infrastructure, including highways and interstate corridors. By adjusting tax policy to foster private investment in marine highway capacity our domestic transportation system can be enhanced at a lesser cost to taxpayers.

Specifically there are two solutions that we ask your committee to consider, both of which are discussed in the Department of Transportation's April 2011 report to Congress, "America's Marine Highway." First, Congress should remove a disincentive to the use of marine highways for freight transport. The Harbor Maintenance Tax (HMT), as it applies to the movement of non-bulk cargo in the domestic trade, and in commerce between the U.S. and Canada via the Great Lakes, is an unintended disincentive. The tax and administrative burdens of the HMT can discourage shippers from considering domestic marine transportation service in this country. By exempting non-bulk cargo from the HMT it would remove a disincentive both for domestic shipments, which are taxed once, and for transshipped international cargo, which is taxed twice. Congress should eliminate that burden to give marine highways a chance. The Committee has before it the Tiberi bill, H.R. 1533. We hope that at the first opportunity you will ask your committee to approve such legislation.

Second, please consider other options for providing an incentive for the use of marine highway service. The rationale for doing this is three-fold. The use of marine highways by shippers and trucking would reduce energy consumption when compared to the energy expenditure of other modes on a ton-mile basis. Likewise, pollutant air emissions are less, on a ton-mile basis, than the other modes. Last, the cost of a tax incentive will be a less costly way of addressing the increasing demand for new interstate lane miles along some of the country's corridors. By encouraging the use and development of marine highway service our surface transportation system will be enhanced in a cost-effective manner as Congress at the same time struggles to find ways to pay for infrastructure and new capacity development.

Thank you for your support of the American Marine Highway. We urge you to act to approve legislation that will leverage private sector investments in our American merchant marine.

Sincerely,



Paul H. Bea Jr., Chairman
Coastwise Coalition

James Patti, President
Maritime Institute for Research and Industrial
Development

Capt. Chuck Beck, USCG (ret)
Transportation Maritime Manager
Connecticut Department of Transportation

Steven A. Fisher, Executive Director
American Great Lakes Ports Association

Sean T. Connaughton
Virginia Secretary of Transportation
Chair, AASHTO Standing Committee on Water
Transportation

Joseph Cox, President
Chamber of Shipping of America

Amy W. Larson, President
National Waterways Conference, Inc.

Matthew Paxton, President
Shipbuilders Council of America

Horizon Lines, Inc.

Harold Daggett, President
International Longshoremen's Association

Capt. Lee A. Kincaid, President
American Maritime Congress

Clyde E. Mathis, Port Director
Port of Pensacola

Gregg M. Ward, Vice President
Detroit-Windsor Truck Ferry

Timothy Brown, President
International Organization of Masters, Mates &
Pilots

Mike Jewell, President
Marine Engineers' Beneficial Association

Percy R. Pyne IV, Chairman & Founding Partner
American Feeder Lines Holding LP

Dennis Rochford, President
Maritime Exchange for the Delaware River
and Bay

Robert Kunkel
Coastal Connect LLC

Mark Yonge, Managing Member
Intermodal Marine Lines, LLC

Stan Wheatley
Center for the Commercial Deployment of
Transportation Technologies

Stephen Pepper, President
Humboldt Maritime Logistics, LLC

Spencer Schilling, President
Herbert Engineering Corp.

Michael Sacco, President
Seafarers International Union

Dr. Rockford Weitz, Senior Fellow
Institute for Global Maritime Studies Inc.

Torey Presti, President
National Shipping of America, LLC.

Joseph Riccio, Chairman
Connecticut Maritime Commission

Brenda Otterson
American Maritime Officers Service

Thomas J. Bethel, President
American Maritime Officers

Terry Turner
American Shipping Group

Lawrence Evans, Vice President
Research and Maritime Services
Transportation Institute

Bob Beegle, President
Marcon International, Inc.

William Gash, Executive Director
Connecticut Maritime Coalition, Inc.

Richard S. Armstrong
Maine Maritime Academy

H. Clayton Cook Jr.
Seward & Kissel LLP

Roberta Weisbrod, Director
Sustainable Ports

John Anderson, Managing Partner
CWE, Inc.

cc: The Hon. Patrick Tiberi, Chairman, Select Revenue Subcommittee
The Hon. Richard E. Neal, Ranking Member, Select Revenue Subcommittee